

102 KAR 1:150. Optional benefits.

RELATES TO: KRS 161.620, 161.630, 161.650

STATUTORY AUTHORITY: KRS 161.310

NECESSITY, FUNCTION, AND CONFORMITY: KRS 161.310 requires the Board of Trustees of the Teachers' Retirement System of the State of Kentucky to promulgate administrative regulations for the administration of retirement system funds and for the transaction of business. KRS 161.630 provides that a member of the Teachers' Retirement System retiring for service, may elect an optional benefit in lieu of the life annuity provided by KRS 161.620. This administrative regulation establishes the various options which may be elected by the retiring member at the time of retirement.

Section 1. Option I - Straight Life Annuity with Refundable Balance. If no option is chosen by the retiring member, or if member is retiring for disability, Option I shall prevail, and shall consist of a life annuity (a retirement allowance payable throughout life). Upon death of a retired member, unless Options II, III, III(a), IV, IV(a), or V are selected, an amount consisting of the excess, if any, of his accumulated account at time of retirement over the amount of all annuity payments received by the member prior to his death shall be refundable to his named beneficiary or to his estate, pursuant to KRS 161.650.

Section 2. Option II - Annuity for Ten (10) Years Certain and for Life Thereafter. (1) At time of retirement the retiring member may file with application for retirement a sworn statement choosing Option II, and this option shall be a lesser annuity actuarially equivalent to the annuity provided under Option I above with payments guaranteed for ten (10) years in any event and for life thereafter if the member survives the ten (10) year period from date of retirement. If the member's death occurs within the ten (10) year guarantee period, annuity payments shall continue for the remainder of the ten (10) year guarantee period to the named beneficiary, if any, or estate.

(2) Death during the first thirty (30) days immediately after retirement shall not affect the payment of this annuity for ten (10) years certain.

(3) Under Option II, a member may also select an annuity for five (5), fifteen (15), or twenty (20) years certain and for life thereafter under the conditions provided for the ten (10) years certain annuity, except that the length of time that the survivor would receive an annuity if the member dies would vary according to the years certain option selected. To select a years certain period other than ten (10) years certain, the member shall specifically designate the number of years to be included in the years certain period. Selection of Option II without designation of a period of years certain shall be deemed to be the selection of Option II as an annuity for ten (10) years certain and life thereafter.

(4) Under Option II, in the event of the death of both the member and the primary beneficiary before the expiration of the years certain period selected by the member, the surviving contingent beneficiary, if any, shall be entitled to receive annuity payments for the remainder of the term certain. In the event of the death of the surviving contingent beneficiary who has been predeceased by the member and the primary beneficiary prior to the expiration of the years certain period, a lump sum payment of the present value of all remaining annuity payments shall be paid to the contingent beneficiary's estate. In the event that the primary beneficiary dies before the expiration of the years certain period, but the member did not designate a contingent beneficiary, or the contingent beneficiary predeceases the primary beneficiary, a lump sum payment of the present value of all remaining annuity payments shall be paid to the primary beneficiary's estate, unless the primary beneficiary predeceases the member in which case a lump sum payment of the present value of all remaining annuity payments shall be paid to the member's estate.

Section 3. Option III - Joint and Last Survivor Annuity. (1) The retiring member may file with application for retirement a sworn statement choosing Option III, and this option shall be a lesser annuity actuarially equivalent to the annuity provided under Option I above with payments continuing for the life of the annuitant (member) plus the provision that upon his death prior to that of his named beneficiary his annuity shall be continued throughout the life of the beneficiary having an insurable interest in the life of the member.

(2) If both annuitant and the named beneficiary die within thirty (30) days after date of retirement, this option shall be void and Option I shall prevail.

Section 4. Option III(a) - Joint and Last Survivor with "Pop-up" Option. The retiring member may file with application for retirement a sworn statement choosing Option III(a), which option shall be a lesser annuity actuarially equivalent to the annuity provided under Option I and incorporating the same guarantee provision as Option III with the additional provision that if the named beneficiary dies prior to the death of the annuitant, the benefit payable shall revert to that which would have been applicable under Option I at the time of retirement of the member.

Section 5. Option IV - Joint and Last Survivor Annuity, One-half (1/2) Benefit to Survivor. (1) The retiring member may file with application for retirement a sworn statement choosing Option IV, which option shall be a lesser annuity actuarially equivalent to the annuity provided under Option I above with payments continuing for the life of the annuitant (member) plus the provision that upon his death prior to that of his named beneficiary one-half (1/2) of his annuity shall be continued throughout the life of the beneficiary having an insurable interest in the life of the member.

(2) If both the annuitant and the beneficiary die within thirty (30) days after retirement, this option shall be void and Option I shall prevail.

Section 6. Option IV(a) - Joint and Last Survivor with One-half (1/2) to Surviving Beneficiary with "Pop-up" Option. The retiring member may file with application for retirement a sworn statement choosing Option IV(a), which option shall be a lesser annuity actuarially equivalent to the annuity provided under Option I and incorporating the same guarantee provision as Option IV with the additional provision that if the named beneficiary dies prior to the death of the annuitant, the benefit payable shall revert to that which would have been applicable under Option I at the time of retirement of the member.

Section 7. Option V - General. In lieu of any option outlined above, the retiring member may file with his or her application for retirement a sworn statement requesting that some other benefit or benefits be paid to the member with or without a survivorship option that upon the death of the member would pay to the other person or persons having an insurable interest in the life of the member as he or she shall nominate in writing, if the other benefit or benefits, together with the lesser annuity, shall be certified by the actuary to be of equivalent actuarial value to the annuity provided under Option I above and shall be approved by the board. (TRS-22(b); 1 Ky.R. 463; eff. 3-12-1975; 29 Ky.R. 2939; 30 Ky.R. 274; eff. 8-13-2003; 1825; 2018; eff. 3-18-2004; Crt eff. 7-3-2019.)